



Town of Blades
OFFICE OF MAYOR & COUNCIL
20 W Fourth Street
Blades, Delaware 19973-4122
(P) 302.629.7366 (F) 302.629.0199

April 9th, 2012
Annual Council Meeting
Hardin Hall

AGENDA

- ❖ Lord's Prayer
- ❖ The Pledge of Allegiance
- ❖ Minutes from previous meeting
- ❖ Police Report
- ❖ Report from BEDCO
- ❖ Report from Planning and Zoning
- ❖ Unfinished Business:
 - Committee Reports:
 - Housing
 - Water
 - Street
 - Parks & Cemeteries
 - Police
 - Mayor's Report
- ❖ New Business:
 - Administer the Oath of Office to Elected Officials
 - Nominations for Vice-Mayor of Council
 - Commissioner Appointment by Mayor
 - Housing
 - Water
 - Streets
 - Parks & Cemeteries
 - Police
 - Appointment of Town Solicitor
 - Jim Yori, Fuqua & Yori in Georgetown
 - Appointment of Tax Assessor
 - Larry Monihan will temporarily continue assessments

- Resolution for issuing the general obligation bond for the new raw waterline and well
- Bids for cutting the cemetery

❖ Good of the Community

❖ Adjournment

DURING THE COURSE OF THE COUNCIL MEETING, COUNCIL OR MAYOR MAY CALL AN EXECUTIVE SESSION

AGENDA SUBJECT TO CHANGE

RESOLUTION

APPROVING ISSUANCE OF UP TO \$375,000 PRINCIPAL AMOUNT GENERAL OBLIGATION BOND, SERIES 2012-SRF TO THE DELAWARE DEPARTMENT OF HEALTH & SOCIAL SERVICES DRINKING WATER STATE REVOLVING FUND, AS REGISTERED OWNER, TO FINANCE INSTALLATION OF A THIRD BACK-UP WELL AND ANCILLARIES ALONG WITH A NEW RAW WATERLINE FOR THE TOWN OF BLADES; SETTING FORTH THE FORM AND DETAILS OF THE BOND; DETERMINING THAT THE BOND WILL BE SOLD BY PRIVATE SALE AND AUTHORIZING EXECUTION OF A FINANCING AGREEMENT; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWN FOR THE BOND; AND AUTHORIZING OTHER NECESSARY ACTION

WHEREAS, The Town Council of The Town of Blades (the "Town") pursuant to Section 19 of 73 Del. Laws Ch. 210 and 74 Del. Laws Ch. 407, as amended (the "Charter"), proposed to the electors of the Town by Resolution dated January 9, 2012 (the "First Resolution") to borrow up to THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$375,000) principal amount in order to: (i) finance the installation of a third back-up well and ancillaries along with a new raw waterline; and (ii) pay certain administrative and other costs incurred in connection therewith (collectively, the "Project") and fixed a time, date and place for a public hearing on the First Resolution. Notice of hearing on the First Resolution was properly placed as required by the Charter; and

WHEREAS, the Town Council thereafter passed a second resolution on January 30, 2012 (the "Second Resolution") ordering a special election to be held not less than thirty days and not more than sixty days after the hearing to borrow the said money, for the purpose of voting for or against the proposed loan. The passage of the Second Resolution calling the special election was considered the Town Council's determination to proceed in the matter at issue as authorized by the Charter, Section 19(c); and

WHEREAS, the Mayor appointed a Board of Special Election to conduct the special election as authorized by the Charter and such special election was held on March 19, 2012 (the "Special Election"), and notice was properly given for the Special Election, whereby a majority of the electors approved the borrowing by voting in the Special Election which was conducted and certified in accordance with the provisions of Sections 19(e) and (h) of the Charter; and

WHEREAS, the Delaware Drinking Water State Revolving Fund (the "Fund"), acting by and through the Delaware Department of Health and Social Services (the "Department"), has authorized a loan (the "Loan") to the Town from the Fund in the amount of up to THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$375,000), for a term equal to the construction period plus thirty (30) years at an interest rate of one percent (1%) and forty-two and eight one-hundredths percent (42.8%) principal forgiveness of the entire amount advanced to the Town under the Loan up to \$160,500; and

WHEREAS, Section 19(j) of the Charter authorizes the Town to borrow sums, not exceeding in the aggregate 25% of the value of the real property situate within the limits of the Town as shown by the last assessment preceding the creation of the said indebtedness; and

WHEREAS, the Town now proposes to issue up to \$375,000 principal amount General Obligation Bond, Series 2012-SRF (the "Bond") to finance the Project as approved by the electors in the Special Election; and

WHEREAS, the Town Council desires to formalize, ratify and confirm such action by adoption of a formal written resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED AND DETERMINED by the Town Council of The Town of Blades, as follows:

Authorization of the Incurrence of Indebtedness as Approved by the Electors. The Town Council shall borrow the sum of up to THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$375,000), as approved by referendum of the electors in the Special Election held on March 19, 2012, by the issuance of the Bond, which, together with other indebtedness of the Town, does not exceed in the aggregate 25% of the value of the real property situate within the limits of the Town as shown by the last assessment preceding the creation of the said indebtedness.

Based on the assumption that certain conditions will have been satisfied, forty-two and eight one-hundredths percent (42.8%) (an amount equal to \$160,500) of the principal amount advanced will be forgiven at the time such principal amount is advanced, and the remaining principal amount not forgiven will be amortized as herein provided. The full amortization of the remaining principal amount not forgiven and interest on such amount shall begin on the date which is the earlier of (i) the two year anniversary of the closing of the loan or (ii) upon completion of the Project.

Authorization of Issuance of the Bond. The Town shall issue, pursuant to the Charter, First Resolution, Second Resolution and this Resolution, up to \$375,000 aggregate principal amount of its General Obligation Bond, Series 2012-SRF to provide funds for the Project.

Form and Terms of the Bond. The Bond shall be substantially in the Form of Bond provided in **Exhibit A** with appropriate omissions, insertions and variations. The actual Bond will contain the terms of the Bond as required by Section 19(i) of the Charter. The Bond will be issued for a term equal to the construction period plus thirty (30) years, at an interest rate of one percent (1%).

Sale of the Bond. The Bond shall be sold at a private sale to the Department pursuant to the terms of the Bond and the Financing Agreement (as hereinafter defined).

Covenant to Pay Debt Service - Pledge of Full Faith, Credit and Taxing Power. The Town hereby covenants with the Department, as registered owner of the Bond, pursuant to this Resolution as follows: that the Town will include in its budget for each fiscal year during the life of the Bond the amount of the debt service on the Bond issued hereunder which will be payable in each such fiscal year so long as the Bond shall remain outstanding; that the Town shall appropriate such amounts from its general revenues

to the payment of such debt service; that the Town shall duly and punctually pay or cause to be paid the principal of the Bond and the interest and fee thereon at the dates and places and in the manner stated in the Bond according to the true intent and meaning thereof; and for such budgeting, appropriation and payment the Town hereby pledges its full faith, credit and taxing power. The covenant contained in this Section 5 shall be specifically enforceable.

Authorization of the Financing Agreement. The Mayor and the Secretary of Town Council are hereby authorized to execute and deliver a Financing Agreement (the "Financing Agreement") by and between the Town and the Department setting forth the terms of the Loan and the Town's obligation to repay the Loan, which will be evidenced by the execution of the Financing Agreement and delivery of the Bond.

Further Action. The proper officers of the Town are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices and otherwise comply with the provisions of this Resolution and the Charter in the name and on behalf of the Town.

Charter Applicable to Bond. This Resolution is adopted pursuant to, and the Bond issued hereunder shall be subject to, the provisions of the Charter and all of the mandatory provisions thereof shall apply hereunder whether or not explicitly stated herein.

Contract with Bondholder. This Resolution constitutes a contract with the Department as registered owner of the Bond and shall be enforceable in accordance with the provisions of the laws of the State of Delaware.

Severability. In case any one or more of the provisions contained in this Resolution or in the Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution or of said Bond and this Resolution or said Bond shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

Repealer. All Resolutions and parts of Resolutions heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

Effective Date. This Resolution shall take effect on the date this Resolution is adopted by the Town Council.

ADOPTED AND RESOLVED this 9th day of April, 2012.

(TOWN SEAL)

Attest: _____
Vikki Prettyman
Secretary of Town Council

Michael J. Smith
Mayor

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Town Council of the Town of Blades, HEREBY CERTIFIES that:

The foregoing Resolution authorizing the issuance of General Obligation Bond, Series 2012-SRF of the Town was duly moved and seconded and adopted by a majority vote of the Town Council of said Town at a duly called and convened public meeting of said Council held on April 9, 2012; and that the roll of the Town Council was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Michael J. Smith, Mayor	
Russell Joseph	
Earl Chaffinch Sr.	
B.J. Hardin	
Robert Atkinson	
Christena King	

and that such Resolution and the votes thereon have been duly recorded in the minutes.

WITNESS my hand and seal of the Town this 9th day of April, 2012.

Vikki Prettyman,
Secretary of Town Council

(TOWN SEAL)



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**Exhibit A
Form of Bond**

**REGISTERED
R-1**

\$375,000

**UNITED STATES OF AMERICA
STATE OF DELAWARE
TOWN OF BLADES**

**GENERAL OBLIGATION BOND
(Service Line and Main Replacement Project)
SERIES 2012-SRF**

Final Maturity Date: October 1, 2042

Registered Owner: Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health

Principal Amount: Three Hundred and Seventy-Five Thousand Dollars (\$375,000)

THE TOWN OF BLADES, a municipal corporation and political subdivision of the State of Delaware (hereinafter referred to as the **"Borrower"**), for value received hereby acknowledges itself indebted and promises to pay to the DELAWARE DRINKING WATER STATE REVOLVING FUND, or to any other registered owner hereof, the principal sum of THREE hundred and SEVENTY-five thousand dollars (\$375,000) or so much thereof as shall actually be advanced to the Borrower, and not forgiven, as described herein, by the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health (the **"Department"**), pursuant to the Financing Agreement dated April 13, 2012 (the **"Financing Agreement"**) between the Borrower and the Department.

The Bond is being issued in order to provide funds to finance all or a portion of (i) the installation of a third back-up well and ancillaries along with a new raw waterline, as more fully described in Exhibit A to the Financing Agreement and (ii) the costs of issuing the Bond (collectively, the **"Project"**).

As the Borrower draws down on the principal amounts outstanding hereunder, forty-two and eight one-hundredths percent (42.8%) of the principal amount so drawn will be forgiven by the Department at the time of the draw until the amount forgiven equals \$160,500 (the **"Forgiven Amount"**). From the date(s) drawn and during construction of the Project, the Borrower shall pay to the Department on the principal amount drawn and not forgiven (the **"Interest Bearing Amount"**) interest at the rate of .50% per annum and an administrative fee at the rate of .50% per annum (collectively, interest and the administrative fee are referred to herein as the **"Fee"**). Such Fee shall accrue on the



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Interest Bearing Amount starting on the date hereof (the “**Closing**”) through the Final Maturity Date or prepayment in full hereof. The Borrower shall pay Fee hereunder initially on October 1, 2012 and semiannually thereafter on each April 1 and October 1 (each such date, a “**Payment Date**”). The Borrower shall pay only Fee and no principal on the Interest Bearing Amount during the period commencing with the Closing through the earlier of (i) the date on which the Project is actually completed and (ii) April 13, 2014 (which is the two year anniversary of the Closing) (the date which is the earlier of (i) and (ii) is herein referred to as the “**Amortization Start Date**”). Full amortization on the outstanding Interest Bearing Amount shall begin on the Amortization Start Date.

Fee and principal shall be payable on the outstanding Interest Bearing Amount beginning on the next succeeding Payment Date following the Amortization Start Date and semiannually thereafter and shall continue to be paid on each of the next 59 following Payment Dates, in an amount sufficient to amortize all principal drawn with substantially equal semiannual payments of principal and Fee over thirty (30) years. Once determined, Payment Dates shall remain the same throughout the term of this Bond. For draws made after the Amortization State Date and after taking into account the Forgiven Amount at the time of such draws, the Department shall re-adjust the Borrower’s Fee and principal payments on all outstanding Interest Bearing Amounts to account for such additional draws. Such amounts advanced will be amortized over the remaining term length of the loan to the Final Maturity Date.

If by April 13, 2013, which is one year from the date of Closing, (i) the Borrower has not drawn down the principal amount of this Bond by more than ten percent (10%) of the Project costs, and (ii) the Department has not received a Notice to Proceed as required by the Financing Agreement, the Department may in its discretion assess a penalty of one percent (1%) of the total principal amount authorized by this Bond (the “**Penalty**”). Such Penalty may be drawn by the Department from the principal amount allocated to this Bond. It is within the Department’s complete discretion whether to impose the Penalty based upon its review of affirmative steps taken by the Borrower to complete the Project and the totality of the circumstances surrounding any such delay in making draws on the principal amount of this Bond.

Notwithstanding the foregoing, all unpaid principal and Fee shall be paid in full no later than October 1, 2042. The Fee hereon shall be calculated on the basis of a 360-day year and paid for the actual number of days elapsed. Both the principal of and Fee on this Bond are payable in lawful money of the United States of America. Principal and Fee on this Bond shall be paid by check or draft mailed or remitted electronically on the payment date to the Registered Owner, as shown on the books and records of the Borrower.

This Bond is authorized and issued pursuant to the Laws of the State of Delaware, including Section 19 of 73 Del. Laws Ch. 210 and 74 Del. Laws Ch. 407, as amended and resolutions adopted by the Borrower on January 9, 2012, January 30, 2012 and April 9, 2012, a public hearing held on January 30, 2012 and a favorable special election conducted on March 19, 2012.

At the option of the Borrower and upon providing prior written notice to the Registered Owner hereof, as shown on the books and records of the Borrower, this Bond may be prepaid or redeemed in whole or in part, without penalty, at any time, and any prepayment in part of this Bond



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shall be applied to all or a portion of the principal installments then outstanding as shall be specified by the Borrower. If all or a portion of this Bond is called for redemption, it or the portion so called will cease to bear Fee on the specified redemption date provided that funds for the payment of the principal amount of the portion of the Bond so called for redemption and the accrued Fee thereon to the redemption date are on deposit at the place of payment on the redemption date.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution, statutes or laws of the State of Delaware to exist, be performed or happen, precedent to or in the issuance of this Bond, do exist, have been performed and have happened, and that the amount of this Bond, together with all other indebtedness of the Borrower, is within every debt and other limit prescribed by said Constitution, statutes or laws. This Bond is a valid and legally binding general obligation of the Borrower and, unless paid from other sources, the principal and Fee payable hereon will be paid from ad valorem taxes levied upon all real property subject to taxation by the Borrower. The full faith and credit of the Borrower are hereby pledged to the punctual payment of the principal of and Fee on this Bond according to its terms.

This Bond may be transferred by the Registered Owner hereof in person or by its attorney duly authorized in writing. The Borrower may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and Fee due hereon and for all other purposes.

The provisions of this Bond shall be construed and enforced under the laws of the State of Delaware.



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IN WITNESS WHEREOF, the Borrower has caused this Bond to be signed by the Mayor and attested by the Secretary of Town Council of the Borrower, and the official corporate seal of the Borrower to be imprinted or impressed hereon, and this Bond to be dated April 13, 2012.

TOWN OF BLADES

(SEAL)

Michael J. Smith
Mayor

Vikki Prettyman
Secretary of Town Council

[End Form of Bond]